

1 that you offered special access service when it wrote the
2 competitive checklist. If they wanted 271 to mean all you
3 had to do was do what you were doing, it would have been a
4 very short competitive checklist. We wouldn't have needed
5 to have Section 271 include loops and transport if all you
6 had to do was continue to offer special access services.

7 Q I think you started your answer with exactly the
8 point that I was trying to make. You referenced the Omaha
9 order, and you complain about the switching impairment
10 because it wasn't done with the -- the granularity or the
11 specificity to have any meaning.

12 A Could you direct to my -- direct me to my
13 testimony --

14 Q It was what you --

15 A -- where you say I'm making that point?

16 Q -- it was what you just said in your answer. And
17 if I'm wrong, that's great. But I think we can agree that
18 for loops and transport we did -- that the FCC did its
19 impairment analysis on a wire center basis; right?

20 A Yes.

21 Q So on a wire center basis, it looked at
22 competitive alternatives -- or this Commission looked at
23 competitive alternatives in each wire center before it
24 determined non-impairment; right?

25 A No.

1 Q No? How is that no?

2 A No. Because you don't -- actually, the criteria
3 for the wire centers don't look at competitive alternatives.
4 It looks at proxies that the FCC selected; you look at the
5 number of business lines and you look at these number of
6 collocations. You're not making -- the Commission's not
7 making any kind of finding as to whether or not there's
8 competition. It is merely applying a mathematical test that
9 the FCC adopted, that the FCC describes as over-inclusive,
10 and coming up with findings as to where 251(c) access should
11 no longer be permitted.

12 But it's -- it's not like the Commission got down
13 and really looked at what people were -- what alternatives
14 were in those wire centers in those routes, which prices
15 those were charging. It wasn't that kind of analysis at
16 all.

17 Q Are you asking this Commission to relitigate all
18 of those issues in this proceeding?

19 A I'm not even testifying on those issues. You're
20 just choosing to cross-examine me on them. I'm testifying
21 as to the fact that your rates are not just and reasonable;
22 they're unreasonably high for purposes of local competition.
23 Your -- your claim that you should just be able to charge
24 special access and whatever you want on switching is -- is a
25 -- is a demonstration of market power and the Commission

1 should set the rates I'm recommending. I'm not asking the
2 Commission to do anything with impairment.

3 Q But your contention that all of your -- the entire
4 premise of your argument, as I understand it, right, is that
5 there is no competition, which is why we've been able to
6 coerce people into entering these commercial agreements;
7 right?

8 MR. MAGNESS: Commissioners, I object to that as
9 just a flat-out mischaracterization. Mr. Gillan has already
10 said he's not saying, and his testimony doesn't say they
11 were coerced. Ms. Foshee is just deliberately
12 mischaracterizing his testimony again, after he's already
13 corrected her on the record today.

14 COMMISSIONER BAKER: Okay, sustained.

15 BY MS. FOSHEE:

16 Q You've -- you've testified about a 271 rate for
17 switching in a number of different proceedings, haven't you,
18 Mr. Gillan?

19 A Yes.

20 Q Okay.

21 A Two.

22 Q And in your Tennessee DeltaCom testimony, you
23 proposed TELRIC as the 271 switching rate; correct?

24 A I think that's an unfair characterization. I
25 pointed out that TELRIC would be a just and reasonable rate.

1 In the context of that case, I believe that there was no
2 time to develop an analysis of what -- of an alternative
3 rate. I mean, this is -- I think that first initial
4 recommendation was roughly two years ago. It -- the
5 Commission then adopted -- or asked the parties to provide a
6 best and final offer, which gave me an opportunity to
7 perform some limited analysis in the ITC^DeltaCom rate, and
8 I -- and my client proposed a rate above TELRIC that was
9 based on an analysis that I provided that client.

10 Q Mr. Gillan, do you need me to hand out your
11 -- your DeltaCom testimony, or will you accept, subject to
12 check, that what you wrote in that testimony was, "The
13 existing UNE rates for local switching have already been
14 found by the Authority to be just and reasonable. The
15 Commission has determined that these rates comply with
16 252(d) of the Act, and that section requires the rates for
17 network elements to be just and reasonable. Consequently,
18 the existing UNE rates already satisfy the fundamental
19 requirement that they be just and reasonable."

20 And that's what you asked the Authority to adopt;
21 correct?

22 A Well, the statement you read --

23 Q Yes or no, and then you can answer.

24 A No. I would like to see the testimony, since you
25 have cited a statement that is completely true, but did not

1 end with a recommendation at all.

2 COMMISSIONER BAKER: Do you know where she read
3 from or do you need the cite?

4 THE WITNESS: No, I don't, and this was --

5 MS. FOSHEE: 17.

6 THE WITNESS: -- this was in 2003.

7 COMMISSIONER BAKER: Okay. Page 17?

8 MS. FOSHEE: Yes. Thank you.

9 BY MS. FOSHEE:

10 Q And actually, Mr. Gillan, if you want to look at
11 page 18, lines 3 and 4, it says, "There is no reason to
12 permit BellSouth to charge just and reasonable rates higher
13 than those already in effect."

14 A Okay, let's take this one step at a time.

15 Yes, I testified that UNE rates were just and
16 reasonable. By definition and by law UNE rates must be just
17 and reasonable.

18 On page 17 I pointed out that the rates
19 established by the Tennessee Regulatory Authority were old,
20 and that there was evidence to suggest that they were at
21 that time above TELRIC levels actually, because I was
22 comparing them to rates set more recently by this Commission
23 in March 2003. So I was making the point that the existing
24 rates that the Tennessee Authority had established were, in
25 fact, just and reasonable; and that there was evidence to

1 indicate that they were actually above TELRIC levels, or
2 would have been above TELRIC levels, had the Commission done
3 a more updated cost study.

4 So, I mean, I think what is fair to say is I was
5 trying to point out then that the rate -- if the Commission
6 adopted the then TELRIC rate, they were probably locking in
7 an inefficiently high price. As I indicated, the Commission
8 then asked the parties to provide a best and final offer,
9 and I was able to perform additional analysis on behalf of
10 ITC^DeltaCom that recommended a rate that was clearly above
11 even the TELRIC rates that the Commission had established.

12 So in this proceeding I was recommending a rate
13 that the -- that the Tennessee Commission ultimately
14 adopted, that was higher than TELRIC, although it wasn't in
15 this piece of testimony in that proceeding.

16 Q What rate did you file for switching in the
17 Momentum FCC case?

18 A I'm sure you know the answer. It was a rate
19 across the BellSouth region. Except for Tennessee, which
20 had already established a rate.

21 Q Well, the fact that I know the answer isn't really
22 relevant. What -- what rate did you --

23 A Well, I mean, if you know the answer, then if you
24 just tell me subject to check, I'll agree with it. I just
25 don't want to try and remember the rate. I don't want to

1 spar with you over it.

2 Q Okay.

3 A It was 5.90 something, I thought.

4 Q 5.91 sound right?

5 A Okay.

6 Q Okay.

7 A I was criticized by your economist for not using a
8 -- an incremental cost methodology, which should have
9 produced a lower rate.

10 Q And then here your rate is 6.86.

11 A Here I had the opportunity to have access to cost
12 studies which was denied us at the FCC. Or you don't really
13 have an opportunity to conduct the kind of discovery that
14 you have available to you here. In addition, I'm setting
15 rates for loops, transports, and switching, and I applied
16 the same methodology across the board.

17 Finally, the rate that I recommended in the
18 Momentum case at the FCC would have applied in every single
19 BellSouth rate except for Georgia. And as a result, there's
20 some averaging that goes on between cost structure in
21 Georgia and cost structure in other states. So it's not an
22 apples to apples comparison.

23 Q But it's fair to say three different cases, three
24 different methodologies; right?

25 A No, it's not fair to say.

1 Q Okay.

2 A The methodology that the Tennessee Authority used
3 to set the rate and the methodology that I duplicated at the
4 FCC were the same methodology. They suffered from an
5 infirmity. The infirmity was it was based on your historic
6 costs. But that was the only information I had available to
7 me publicly when I made those rate proposals.

8 In this case I had the incremental cost, or at
9 least the argue -- not incremental, but the TELRIC and the
10 claimed TELRIC cost information provided the BellSouth, and
11 I was able to propose a methodology that relied on that; in
12 part, in response to your criticism of me at the FCC.

13 In addition, I needed a methodology here that I
14 could apply uniformly to loops, transport, and switching. I
15 did not have that -- that need in any of the other
16 proceedings. So there's only been two methodologies that
17 I've suggested. And I've always maintained that the
18 methodology used by Tennessee and the one that was presented
19 to the FCC would produce -- would likely produce rates that
20 were inappropriately high because it was based on an
21 embedded cost methodology.

22 Q Have you withdrawn or amended the rate you filed
23 with the FCC in the Momentum case?

24 A No.

25 Q Okay.

1 A There is not a process to take advantage of the
2 information that we've developed here and insert it into
3 that process. So it's not like -- there is no way to,
4 quote, "amend it" to my knowledge.

5 Q Now, when you talk about -- in your testimony
6 about the margins over TELRIC, what is, in your opinion, the
7 right multiple over cost? Is it five percent, ten percent?

8 A The rates that I'm recommending are designed to
9 provide a 20 percent contribution under the assumption that
10 your TELRIC cost -- your cost analysis is a -- is not
11 already inflated.

12 Q Okay. So 20 percent over cost is what you think
13 is just and reasonable?

14 A Yes, those are the rates that I've recommended.
15 Yes.

16 Q Is that what you think is just and reasonable?

17 A I think obviously those are the rates that I've
18 recommended, and I believe that they're just and reasonable.
19 Yes.

20 Q Okay. Are you familiar --
21 Momentum is one of your clients; right?

22 A Yes.

23 Q Okay. Are you familiar with --

24 And, well, I would assume that you believe that
25 Momentum's rates are just and reasonable and therefore

1 lawful as well; right?

2 A I've never looked at Momentum's rates.

3 Q Okay. But you wouldn't argue that one of your own
4 client's rates is unjust and unreasonable, I take it?

5 A Nor would I sit here, without having done any
6 analysis, and claim that they are.

7 Q Okay. Well, let me show you --

8 MR. MAGNESS: I would object. I mean, there's
9 been a lot of test -- questions on legal conclusions. The
10 just and reasonable standard is a legal conclusion. Is she
11 asking does the Momentum rate satisfy the just and
12 reasonable standard that is applicable to BOCs under Section
13 271? I don't know. I think we're starting to --

14 COMMISSIONER BAKER: Okay. I mean --

15 MS. FOSHEE: I know -- understand he's not a
16 lawyer. I understand he's not an economist. If he can
17 answer the question --

18 COMMISSIONER BAKER: Well, I -- I heard the
19 question about do you consider your client's rates just and
20 reasonable.

21 MS. FOSHEE: Well, he's testified ours aren't.
22 So, therefore, I assumed --

23 COMMISSIONER BAKER: I don't have a problem with
24 it.

25 MS. FOSHEE: Okay.

1 COMMISSIONER BAKER: But I don't -- Mr. Magness,
2 just make an objection. All parties, make objections, don't
3 give me a speech. Okay? I don't like that, where attorneys
4 start testifying on the record. If you have a problem, just
5 say irrelevant, you know, argumentative, whatever. Asked
6 and answered. Just make it. And we'll -- if I need more
7 explanation, I'll ask for it.

8 Go ahead and proceed, Ms. Foshee.

9 MS. FOSHEE: Thank you.

10 I'm going to show you a copy of a web page from
11 your client, Momentum Telecom. And when you get it, you can
12 take a minute to look at it. But it has two enterprise
13 products, business products on there. One they call
14 MomentumBiz 60, and one they call MomentumBiz 600. One is
15 27.95 a line, and one is 37.95. And I'll represent to you
16 that we pulled this off the Web -- off the Internet.

17 THE WITNESS: You didn't print the whole page.
18 What -- what is the part of the page I can't see?

19 MS. FOSHEE: I don't know. You're welcome to go
20 back and pull it off the Web page yourself, if you think
21 it's not -- you know, not accurate. But if you'll accept it
22 today, subject to check.

23 And then I want to show you a chart that we've put
24 together.

25 THE WITNESS: I don't want to be difficult, but

1 all I can tell, looking at this, is that it's incomplete.
2 Now, it could be incomplete by a little bit, or it could be
3 incomplete by a lot. I don't know. But I -- I mean, I'll
4 go down this line of questioning with you. But --

5 MS. FOSHEE: That's fine.

6 BY MS. FOSHEE:

7 Q Now, Mr. Gillan, when you conducted your analysis
8 for this case, I assume you looked at the discovery that
9 BellSouth produced.

10 A The discovery that you provided to CompSouth?

11 Q Yes.

12 A Yes.

13 Q Okay. And what I have here is a chart that shows
14 the rates for BellSouth's filed costs; the rates for what's
15 labeled the GPSC staff proposed TELRIC, which are now the
16 GPSC's approved rates as of this morning; and the rates
17 under the enterprise DS0 wholesale platform, all of which I
18 assume you are familiar with.

19 We then have a column for MomentumBiz 60 and
20 MomentumBiz 600 based on the information off this Web site.

21 You see that?

22 MR. MAGNESS: Commissioners, my objection to this
23 document is there are a number of numbers that are not in
24 the record in this case, that are not in evidence, that I
25 think just asking a witness to check -- to accept -- say

1 subject to check, when there are very detailed items from
2 filed cost studies, staff proposals that were not in Mr.
3 Gillan's testimony, is an objectionable line to even go
4 down.

5 COMMISSIONER BAKER: Mr. Gillan, are you familiar
6 with any of the numbers contained in this exhibit that
7 you've been handed?

8 THE WITNESS: No, but, Commissioner, it's so
9 obvious to me, looking at this, that BellSouth has conducted
10 a totally flawed analysis that I'd be glad to go through it
11 with Ms. Foshee to point out the errors when she tries to
12 make her points.

13 MR. MAGNESS: I'll withdraw the objection.

14 (Laughter.)

15 MS. FOSHEE: Thank you.

16 COMMISSIONER BAKER: Go ahead, Ms. Foshee.

17 MS. FOSHEE: All right.

18 BY MS. FOSHEE:

19 Q Okay, if you look at this chart under column C,
20 we've got the enterprise DS0 platform commercial agreement
21 rate over our proposed cost, 23 percent. And I believe we
22 agreed that 20 percent was what you thought was just and
23 reasonable.

24 A Okay, stop.

25 Q Over --

1 A Stop.

2 Q Okay.

3 A Stop.

4 All right, you're in column C?

5 Q Yes, sir.

6 A Okay. And what do you think the 25.22 is?

7 Q That's the enterprise DS0 platform rate for
8 switching.

9 A To -- to who? To -- this is what you think --

10 Q In the commercial agreement.

11 A -- this is what you think you would charge --

12 Q Correct.

13 A -- Momentum? Okay. All right, the 2.55 estimated
14 usage, how did you estimate that usage?

15 Q We used -- estimated it based on the figures in
16 the cost models.

17 A There are -- what figures in the cost models?

18 Q Accepted subject to check, you're welcome to
19 dispute it. That's what our folks put together as our
20 estimated usage.

21 MR. MAGNESS: Commissioners, I'm sorry. But this
22 is -- to say accept it subject to check and let's continue
23 cross-examination, when he's asking questions about the
24 factual basis for something that's been put in front of him
25 for the first time, they could have filed testimony with any

1 of this in it, and they chose not to.

2 So, for Ms. Foshee to stand here and essentially
3 testify with a cross exhibit, and then say, "Oh, don't worry
4 if it's not true or not. Just -- just -- let's just say it
5 is." Mr. Gillan at least has a right to get the answers to
6 those questions.

7 MS. FOSHEE: If it's a problem for Mr. Gillan, he
8 -- his proposed rate is based on our proposed filed cost,
9 which is column A.

10 COMMISSIONER BAKER: All right, well, I --

11 MS. FOSHEE: So I'd be happy to leave it there.

12 COMMISSIONER BAKER: -- I think it's clear that
13 Mr. Gillan is asking for an explanation of the source of
14 -- of the number and you can't -- it's going to be reflected
15 in the record, and we'll take that in consideration as far
16 as the validity and the value to be given to this exhibit
17 and to these questions.

18 MS. FOSHEE: Absolutely. And, again, his column A
19 is exactly what he relied on for his proposed cost in this
20 proceeding, I assume.

21 And really the two columns that I think are most
22 relevant are the MomentumBiz 60 and the --

23 MR. MAGNESS: Your Honor --

24 COMMISSIONER BAKER: I -- I understand. I
25 -- yeah, I don't need the -- I mean --

1 MS. FOSHEE: Okay, let me --

2 COMMISSIONER BAKER: Right.

3 MS. FOSHEE: Okay.

4 COMMISSIONER BAKER: I don't need your opinion on
5 what's most valuable.

6 MS. FOSHEE: Sure. Let's look at --

7 COMMISSIONER BAKER: I mean, if -- but just for
8 clarification, aside from the numbers contained in column A,
9 none of these other numbers contained in the other columns
10 are within the prefiled testimony or -- of any of the
11 parties?

12 MS. FOSHEE: The -- yes, the staff actually
13 admitted the rates in column B yesterday. So that's an
14 exhibit.

15 COMMISSIONER BAKER: Okay.

16 MS. FOSHEE: Our proposed filed costs are relied
17 upon by Mr. Gillan in his testimony.

18 COMMISSIONER BAKER: Okay.

19 MS. FOSHEE: The rate in the enterprise DSO
20 platform agreement was also admitted by the Commission
21 yesterday when you took administrative notice of all the
22 commercial agreements. So I believe they are all in the
23 record.

24 BY MS. FOSHEE:

25 Q Mr. Gillan, looking at column B compared to

1 BellSouth's proposed cost, which is the cost upon which you
2 relied, do you see that that's a 36 percent margin?

3 A 36 percent between what and what? Just -- just
4 make sure I understand what you're saying.

5 Q Absolutely. If you look under column D -- and the
6 way you read this chart is you look column -- go down and
7 across.

8 A Okay.

9 Q So column D compared to BellSouth's proposed cost,
10 36 percent margin. You see that?

11 A Okay, let's -- let's go through this, just so you
12 understand the things that you don't do correctly. You're
13 trying -- this 23 percent -- now I understand what you're --
14 the 23 percent, I suppose, is you're claiming that you're
15 only making 23 percent over cost; right? But you've added
16 all this stuff up that there's no question that Momentum is
17 entitled to. The only thing the Commission should be
18 looking at, because the only rate that we're talking about
19 here is the port rate. You're taking something that has a
20 cost of \$1.50. Well, it's port plus usage plus features.

21 Q That's what you did, though; right?

22 A Port plus usage plus features. No, you added in
23 the loop to try and mask the amount by which your rates are
24 above cost. You added in the -- you have a problem that
25 says that the loop rate is \$3 lower than it should be, and

1 you're trying to make it sound like that it's relevant to
2 this calculation.

3 Loops aren't at issue here, at least these types
4 of loops. What is at issue is the switching rate. The
5 switching rate is these three items which I have to add up
6 to see if you're even close to what I think this is supposed
7 to be. Oh, I hate math.

8 You're taking something that's 6.58, you say,
9 which seems a little high, but -- and you're trying to raise
10 that rate to about \$15; okay? That's not a 23 percent
11 increase, that's like a doubling or more. All right, that
12 -- so your number here is the 50 percent -- is like a -- is
13 like whatever, 100 percent. All right? Not 23 percent,
14 when all you do is you look at the rates that are at issue
15 in this proceeding, which is switching.

16 Then you go over and you try to calculate margins
17 that Momentum has. And there's two things that you've
18 completely ignored. First of all, Momentum also has to pay
19 you for daily usage fees, which is another direct cost
20 Momentum experiences that's not insignificant that you
21 haven't included.

22 And, finally, you haven't included any of
23 Momentum's costs. They have direct costs when they win
24 customers and serve them that are also not insignificant.
25 So you can't be calculating anything that -- that you can

1 characterize as a margin that Momentum experiences, because
2 you've left out important cost categories for things you
3 charge Momentum that you didn't include that they'd have to
4 recover, and you've completely ignored any of Momentum's
5 costs, as well.

6 That is not -- those numbers are not for Momentum
7 margins above direct cost, and the number that you presented
8 for yourself you -- you tried to diminish by including rate
9 elements that aren't at issue in the proceeding. So you've
10 understated yours by a giant amount, and you've overstated
11 theirs by a giant amount. And the -- and the chart is
12 totally worthless for any point that you're hoping to make.

13 Q Did you review the staff's recommendation that was
14 approved by the Commission today, Mr. Gillan?

15 A Only the rates in it.

16 Q Okay. So you didn't look at the estimated usage
17 that was in what is now the Commission's order?

18 A No, I did not.

19 Q Okay. So if -- if, in fact, that 2.55 was drawn
20 from the Commission-approved rates, you wouldn't know that?

21 A I have not checked it against that figure. I used
22 an estimated usage from ARMIS that you had used. But,
23 again, you know what, it doesn't matter because you could
24 make that a dollar -- make that line a dollar or make it \$3.

25 I don't care. Everything else you did with this that is so

1 completely wrong just makes it -- I'm trying to think of a
2 polite term for it. And a polite term is escaping me.

3 Q Go ahead and use the heroin dealer thing again,
4 because that was so relevant.

5 A I'm glad you read the footnotes, Ms. Foshee.

6 Q Would 149 percent margin be just and reasonable in
7 your opinion?

8 A There is no 149 percent margin here.

9 Q Let me ask hypothetically. Would a 149 percent
10 margin be just and reasonable in your opinion? Yes or no?

11 A No. But margin, as people who do any of this kind
12 of work typically refer to it, is --

13 You got to be more specific. Because there's like
14 a gross margin and a net margin. The number -- the number
15 that's comparable to the 20 percent I gave you is a
16 contribution to common cost and overhead above direct cost.

17 You did not make any attempt in this chart to calculate
18 Momentum's direct cost because you didn't include any of
19 their costs, and you understated what you charge them.

20 Every time you ask me about one of these
21 percentages, I feel compelled to explain to you again how
22 wrong your calculations are. And I really don't want to use
23 up the Commission's time that way. So if I could just have
24 a standing criticism of the -- of the document, I'd
25 appreciate it.

1 Q Did you look into any of the margins of any of
2 your clients before you filed this testimony?

3 A My clients operate in a competitive market. I
4 mean, my -- the problem I have with your testimony is you
5 all want to pretend you're competitive when you can't find a
6 competitor. They operate in a competitive marketplace.
7 Whether it's today or six months from now, I will -- I'm
8 confident that competitive forces will drive their margins
9 to normal operating levels, where at the very least they
10 have to compete against you, much less each other.

11 You don't have that. That's the problem.

12 Q Mr. Gillan, what happens to your eight clients
13 that have signed commercial agreements if this Commission
14 adopts the rate that you're proposing?

15 A I have not reviewed those agreements. I know
16 this: They have no problem with the Commission adopting the
17 rates that I'm proposing.

18 Q So you think it's fair for the four clients who
19 actually have UNE-P that you're representing here to get a
20 lower rate than your eight clients who have signed
21 commercial agreements and are bound by those for the next at
22 least year-and-a-half?

23 A First, I don't know that they're bound by them. I
24 don't know what they signed in those agreements. Secondly,
25 even if they're bound to them for the next year-and-a-half,

1 it means they'd have a chance of survival after that.

2 There's -- the Commission can't deny the creation
3 of a just and reasonable rate in this proceeding because
4 some people signed commercial -- signed other agreements
5 that may have limited their options. None of those carriers
6 is asking the Commission to do this. The only carrier
7 that's making this point is BellSouth, and that ought to be
8 enough for you to understand its legitimacy.

9 MS. FOSHEE: Thank you. That's all the questions
10 I have.

11 COMMISSIONER BAKER: Any redirect, mister --
12 Okay. Mr. Magness, you want five minutes?

13 MR. MAGNESS: Just five minutes. Appreciate it.

14 COMMISSIONER BAKER: Okay, we will take a quick
15 five minute break.

16 (A short recess was taken.)

17 COMMISSIONER BAKER: Mr. Magness, do you have any
18 redirect for your witness?

19 MR. MAGNESS: Yes, Commissioner.

20 REDIRECT EXAMINATION

21 BY MR. MAGNESS:

22 Q To speed things up, there are a few things I'm
23 going to want to hand out. The first item.

24 MR. WATKINS: Mr. Chairman.

25 COMMISSIONER BAKER: Show Ms. Foshee what you're

1 handing out?

2 MR. MAGNESS: Yes, first is just a reproduction of
3 the summary boards that Mr. Gillian used yesterday. We
4 intended to provide these to the Commission yesterday and
5 didn't. The second is a discovery response that we'll
6 discuss in cross. The third is a trade secret item, this
7 page with the chart. It's just a larger print version of
8 the last page of CompSouth Exhibit 1 that was admitted
9 yesterday. CompSouth Exhibit 1, last page, it's just blown
10 up so the numbers are bigger.

11 MS. FOSHEE: I need to see Exhibit 1.

12 MR. MAGNESS: Well, here's Exhibit 1.

13 MS. FOSHEE: Okay.

14 MR. MAGNESS: Same thing. So we would certainly
15 admonish the witness and all others not to reveal any of the
16 numbers in that last item, because it is part of the
17 confidential exhibit.

18 BY MR. MAGNESS:

19 Q Okay, Mr. Gillian, Ms. Foshee asked you to accept
20 something about CompSouth subject to check, would you accept
21 that there are 20 members of CompSouth?

22 A Yes.

23 Q Not including AT&T and MCI?

24 A I accept that.

25 Q And Ms. Foshee was discussing why particular

1 members at CompSouth would be, I guess, interested in the
2 case. And let me -- if I can approach the witness and just
3 show him these summary boards.

4 COMMISSIONER BAKER: Just identify the summary
5 boards for the record, so there's some reference later.

6 MR. MAGNESS: Commissioners, this is the summary
7 chart that shows the loop high capacity loop rates posed by
8 CompSouth.

9 BY MR. MAGNESS:

10 Q And Mr. Gillian can you see this?

11 A Yes.

12 Q Okay, and this is also what we handed out a moment
13 ago, that's included in that package. This shows the high
14 capacity loop rates that you're proposing in your testimony.

15 If BellSouth's proposal of what that rate should be is
16 accepted, what is that rate for the DS1 digital loop?

17 A Yeah, and I'll just go to that one, because that's
18 where most of the demand is and there are higher rates for
19 all of these. But the thing -- on that first line there,
20 the loop to serve a medium sized business customer that a
21 CompSouth member today pays \$50 for under 251, where it's
22 listed we're proposing a just and reasonable rate of \$80 --
23 roughly \$86, about a 75 percent increase. The charge that
24 BellSouth would apply under its interstate access tariff is
25 \$179.15, this is -- this is not a small issue here. Because

1 you can imagine, customers have been gone out and attracted
2 under a system where you're paying \$50 a month to connect to
3 those customers, even raising it to \$85-\$86 is going to have
4 an impact, 117 effectively three and a half times that would
5 be impossible.

6 Q And similarly if we look at the chart that you
7 prepared on transport rates, again, this is from Mr.
8 Gillian's summary charts to his testimony. The -- again if
9 you compare the transport to what BellSouth would --

10 A Yes. Nothing is as easy as you hope. I did it
11 just for a DS1 transport to illustrate it and I assumed it
12 was ten miles. If you look under ten miles, it would be
13 about \$36 at TELRIC rate.

14 Q When you say \$36, are you combining DS1
15 termination and per miles?

16 A Yeah, you have to put those together, pay about
17 \$36 today; under our proposal that would go up to about \$45;
18 BellSouth would want for that same ten-mile transport link,
19 \$257.

20 Q Okay, and then --

21 A Actually, while you're on that one, because DS3
22 transport, today under our proposed rate we're talking about
23 \$471 for a ten-mile loop -- or for a ten-mile DS3.
24 BellSouth's charge for that would be \$2436.

25 Q Okay, and finally, on the switching element where